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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

BOB STUMP - Chairman  
GARY PIERCE  
BRENDA BURNS  
BOB BURNS  
SUSAN BITTER SMITH

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AZ CORP COMMISSION  
DOCKET CONTROL

Arizona Corporation Commission

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JUL 22 2013

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IN THE MATTER OF THE APPLICATION OF  
SAHUARTIA WATER COMPANY, LLC FOR A  
RATE INCREASE.

DOCKET NO. W-03718A-09-0359

PROCEDURAL ORDER

**BY THE COMMISSION:**

At an Open Meeting on February 11, 2013, the Arizona Corporation Commission ("Commission") voted pursuant to A.R.S. §40-252 to reopen Decision No. 72177 (February 11, 2011) and Decision No. 62032 (November 2, 1999) (Docket No. W-02808A-99-0143 and W-03718A-99-0143), in order to consider the request of Sahuartia Water Company ("SWC" or "Company") to modify its Hook Up Fees ("HUFs").

By Procedural Order dated March 13, 2013, a telephonic Procedural Conference was scheduled for March 26, 2013. Prior to that date, the parties requested a 60 day continuance in order to allow them to engage in settlement discussions. By Procedural Order dated March 21, 2013, the Procedural Conference was continued until May 29, 2013. On May 24, 2013, the parties requested that the Procedural Conference be rescheduled until May 28, 2013, due to a scheduling conflict.

The parties appeared telephonically on March 24, 2013, and reported that they were close to signing a Settlement Agreement. Because this matter resulted in a Settlement Agreement and affects rates and charges, Commission Utilities Division ("Staff") recommended that an evidentiary hearing be held on the Settlement Agreement with pre-filed testimony. The Company did not oppose Staff's suggestions.

In a telephonic Procedural Conference on June 27, 2013, the parties appeared to discuss the process of public notice and timing for the hearing. Staff recommended publishing notice in a local newspaper, while the Company pressed for mailing notice to developers who would be impacted by

1 the HUF tariff. The method for disseminating notice was taken under advisement and SWC and Staff  
2 agreed to draft a proposed form of public notice.

3 On July 16, 2013, the Company filed a proposed form of public notice, which it previously  
4 provided to Staff, and to which Staff had no objection. The form of notice is being adopted for this  
5 proceeding with minor modifications.

6 The entities affected by the proposed HUFs are the owners of undeveloped parcels within  
7 SWC's service area and potential developers/builders. Consequently, the Company will be directed  
8 to mail the notice to landowners of record of undeveloped property that would be affected by the new  
9 charges, and to any developers or builders for which the Company has records and a belief might be  
10 affected by the proposed fees in the future. In addition the Company should post the notice on its  
11 website, either on the first page or accessible from an easy to identify link on the first page of the site.

12 IT IS THEREFORE ORDERED that the **hearing** in the above-captioned matter shall  
13 commence on **September 3, 2013, at 10:00 a.m.**, or as soon thereafter as is practical, at the  
14 Commission's offices, **Room 222, 400 West Congress, Tucson, Arizona 85701.**

15 IT IS FURTHER ORDERED that the parties shall file **testimony addressing the proposed**  
16 **Settlement Agreement** and any associated exhibits to be presented at hearing on or before **August**  
17 **26, 2013.**

18 IT IS FURTHER ORDERED that **intervention** shall be in accordance with A.A.C. R14-3-  
19 105, except that all motions to intervene must be filed **on or before August 20, 2013.**

20 IT IS FURTHER ORDERED that the Company shall provide public notice of the hearing in  
21 this matter, in the following type size, form and style with the heading in no less than 14 point bold  
22 type and the body in no less than 10-point regular type:

23 **PUBLIC NOTICE OF HEARING ON THE APPLICATION OF SAHUARITA**  
24 **WATER COMPANY LLC FOR AN ORDER ALTERING AND**  
25 **AMENDING DECISION NOS. 62032 AND 72177**  
26 **TO MODIFY OFF SITE HOOK-UP FEES**  
**DOCKET NOS. W-02808A-99-0143 AND W-03718A-99-0143**

27 **Summary**

28 On October 31, 2012, Sahuarita Water Company, LLC ("SWC") filed with the Arizona Corporation  
Commission ("Commission") a motion pursuant to A.R.S. § 40-252 for an Order Altering and

Amending Decision No. 62032 (and, if necessary, Decision No. 721 77) in Docket Nos. W-02808A-99-0143 and W-03718A-99-0143 ("Application"). On February 11, 2013, at an Open Meeting, the Commission voted pursuant to A.R.S. § 40-252 to reopen Decision No. 72177 and Decision No. 62032, in order to consider the requests of SWC to modify its Off-site Hook-up Fees "HUF". On May 28, 2013, SWC and the Commission's Utilities Division ("Staff") entered into a Settlement Agreement in which SWC and Staff have agreed to a modification of SWC's HUF's. The proposed modifications are set forth in the tariff attached to the Settlement Agreement as Exhibit A, and the fee schedule therein is provided in the Table below. The Commission will issue a decision regarding SWC's Application following consideration of testimony and evidence presented at an evidentiary hearing. THE COMMISSION IS NOT BOUND BY THE SETTLEMENT AGREEMENT MADE BETWEEN SWC AND STAFF, AND ANY MODIFICATION TO SWC'S HUF's MUST BE APPROVED BY THE COMMISSION.

The purpose of the HUF's payable to SWC pursuant to this tariff is to equitably apportion the costs of constructing additional off-site facilities necessary to provide water production, delivery, storage and pressure among all new service connections. These charges are applicable to all new service connections established after the effective date of this tariff undertaken via Main Extension Agreements or requests for service not requiring a Main Extension Agreement. The charges are one-time charges and are payable as a condition to Company's establishment of service.

#### **Off-Site Water Hook-Up Fee**

For each new service connection, the Company shall collect an off-site hook-up fee derived from the following table:

| <b>OFF-SITE HOOK-UP Fee Table</b> |                    |                                |                     |
|-----------------------------------|--------------------|--------------------------------|---------------------|
| <b>Meter Size</b>                 | <b>Size Factor</b> | <b>Current Fee<sup>1</sup></b> | <b>Proposed Fee</b> |
| 5/8" x 3/4"                       | 1                  | \$350                          | \$1,000             |
| 3/4"                              | 1.5                | \$420                          | \$1,500             |
| 1"                                | 2.5                | \$700                          | \$2,500             |
| 1 1/2"                            | 5                  | \$1,400                        | \$5,000             |
| 2"                                | 8                  | \$2,240                        | \$8,000             |
| 3"                                | 16                 | \$4,200                        | \$16,000            |
| 4"                                | 25                 | \$7,000                        | \$25,000            |
| 6" or larger                      | 50                 | \$14,000                       | \$50,000            |

#### **How You Can View or Obtain a Copy of the Application**

Copies of the Application are available on the internet via SWC's website ([www.sahuaritawater.com](http://www.sahuaritawater.com)), at SWC's offices {INSERT ADDRESS} at the Commission's offices at 400 W. Congress, Room 218, Tucson, Arizona 85701 or 1200 West Washington, Phoenix, Arizona 85007 for public inspection during regular business hours, and on the internet via the Commission's website ([www.azcc.gov](http://www.azcc.gov)) using the e-Docket function.

<sup>1</sup> Authorized in Decision No. 72177, effective 11/22/1999.

**Arizona Corporation Commission Public Hearing Information**

The Commission will hold a hearing on this matter on September 3, 2013, beginning at 10:00 a.m., or as soon thereafter as practical in the Commission's offices, Room No. 222, 400 W. Congress, Tucson, Arizona. Public comments will be taken at the beginning of the hearing. Written public comments may be submitted by mailing a letter referencing Docket Nos. W-02808A-99-0143 and W-03718A-99-0143 to Arizona Corporation Commission, Consumer Services Section, 1200 West Washington, Phoenix, AZ 85007, or by e-mail. For a form to use and instructions on how to email comments to the Commission, go to <http://www.azcc.aov/Divisions/Utilities/forms/PublicCommentForm.pdf>. If you require assistance, you may contact the Commission's Consumer Services Section at 1-800-222-7000 or (520) 628-6550.

**About Intervention**

The law provides for an open public hearing at which, under appropriate circumstances, interested parties may intervene. Any person or entity entitled by law to intervene and having a direct and substantial interest in the matter will be permitted to intervene. If you wish to intervene, you must file an original and 13 copies of a written motion to intervene with the Commission, and send a copy of the motion to SWC or its counsel and to all parties of record. Your motion to intervene must contain the following:

1. Your name, address, and telephone number, and the name, address, and telephone number of any party upon whom service of documents is to be made, if not yourself;
2. A short statement of your interest in the proceeding (e.g., a customer of SWC, a property owner within the service area, a shareholder of SWC, etc.) and
3. A statement certifying that you have mailed a copy of the motion to intervene to SWC or its counsel and to all parties of record in the case.

The granting of motions to intervene shall be governed by A.A.C. R14-3-105, except that all motions to intervene must be filed on or before August 20, 2013. All parties must comply with Arizona Supreme Court Rules 31 and 38 and A.R.S. §40-243 with respect to the practice of law. For information about requesting intervention, visit the Commission's website at <http://azcc.gov/divisions/utilities/forms/interven.pdf>. The granting of intervention, among other things, entitles a party to present sworn evidence at hearing and to cross-examine other witnesses. However, failure to intervene will not preclude any interested person or entity from appearing at the hearing and providing public comment on the application or from filing written comments in the record of the case.

**ADA/Equal Access Information**

The Commission does not discriminate on the basis of disability in admission to its public meetings. Persons with a disability may request a reasonable accommodation such as a sign language interpreter, as well as request this document in an alternative format, by contacting the ADA Coordinator, Shaylin Bernal, e-mail [SABernal@azcc.gov](mailto:SABernal@azcc.gov), voice phone number (602) 542-3931. Requests should be made as early as possible to allow time to arrange the accommodation.

**Who to Contact if You Have Questions**

For further information on the Application and procedural schedule, please contact Sahuarita Water Company at (520) 399-1105 or the Commission's Consumer Services Section at (520) 628-6550, (602) 542-4251, or 1 (800) 222-7000.

1 IT IS FURTHER ORDERED that the Company shall **mail** to each of the property owners of  
2 parcels that would be affected by the proposed HUFs as well as any developers and builders for  
3 which the Company has records and a good faith belief might be affected by the proposed HUFs in  
4 the future, a copy of the above notice by **August 2, 2013**; in addition, the Company shall post a copy  
5 of the notice on its website, either on the home page or easily accessible from the home page.

6 IT IS FURTHER ORDERED that the Company shall file certification of mailing and posting  
7 as soon as practicable after they have been completed.

8 IT IS FURTHER ORDERED that notice shall be deemed complete upon mailing and posting  
9 of same, notwithstanding the failure of an individual customer to read or receive the notice.

10 IT IS FURTHER ORDERED that the Ex Parte Rule (A.A.C. R14-3-113 - Unauthorized  
11 Communications) applies to this proceeding and shall remain in effect until the Commission's  
12 Decision in this matter is final and non-appealable.

13 IT IS FURTHER ORDERED that all parties must comply with Rule 33 (c) and (d) of the  
14 Rules of the Arizona Supreme Court with respect to practice of law and admission pro hac vice.

15 IT IS FURTHER ORDERED that withdrawal of representation must be made in compliance  
16 with A.A.C. R14-3-104(E) and Rule 1.16 of the Rules of Professional Conduct (under Rule 42 of the  
17 Rules of the Arizona Supreme Court). Representation before the Commission includes the obligation  
18 to appear at all hearings and procedural conferences, as well as all Open Meetings for which the  
19 matter is scheduled for discussion, unless counsel has previously been granted permission to  
20 withdraw by the Administrative Law Judge.

21 IT IS FURTHER ORDERED that the time periods specified herein shall not be extended  
22 pursuant to Rule 6(a) or (3) of the Rules of Civil Procedure.

23 IT IS FURTHER ORDERED that the Presiding Officer may rescind, alter, amend, or waive  
24 any portion of this Procedural Order either by subsequent Procedural Order or by ruling at hearing.

25 DATED this 17th day of July, 2013.

26  
27  
28  
  
JANE L. RODDA  
ADMINISTRATIVE LAW JUDGE

Copies of the foregoing mailed  
this 19th day of July, 2013 to:

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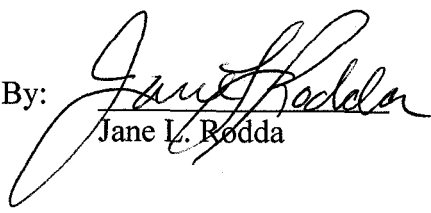
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